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SUBJECT: EGYPT: WEF IN SHARM EL SHEIKH PUTS EGYPT IN A GOOD LIGHT (WITH A FEW BLEMISHES)

Classified by Ambassador Francis Ricciardone for reasons 1.4 (b) and (d).

1. (C) Summary. Egypt managed to successfully host its first regional World Economic Forum (WEF) from May 20-22 in the shiny new Sharm el Sheikh International Congress Center without significant public glitches. The most newsworthy events were the meeting between Palestinian President Abu Mazen and Israeli Foreign Minister Livni and plenary discussion with Arab League Secretary General Amre Moussa and the Deputy Secretary. Some participants grumbled about the weakness of the formal program but, as usual for WEF events, the real work was done in bilateral discussions on the margins. However, after significant friction between WEF and GOE staff in the run up to the event, the Forum will return to Jordan for next year's regional event. End summary.

2. (C) The GOE is looking back with satisfaction on what it deems a successful WEF regional conference. The event went off without any major problems; a welcome contrast to the debacle at the aviation expo at Sharm el Sheikh in March of this year. That event was badly marred by heavy-handed Egyptian security, which prevented exhibitors and visitors from reaching the exhibits and did more harm than good to Egypt's efforts to become a conference destination. At the WEF, security was heavy (both because of President Mubarak's presence and the recent Dahab bombings) but managed for the most part to avoid the usual level of bother to guests and journalists.

3. (C) The GOE's primary goal was to use the WEF to highlight Egypt's centrality to political and economic discourse in the region. The bilateral meeting between Abu Mazen and Livni, the highest-level talks between Israeli and Palestinian officials in nearly a year, helped underscore Egypt's continuing central role in the peace process. The plenary session with the Deputy Secretary and Amre Moussa was much anticipated and well-attended. While Moussa had some success playing to the audience with standard applause lines about the plight of the Palestinians, he alienated other attendees by declining to seriously discuss regional democratic and economic reform. President Mubarak's participation was limited to his opening address which, was reported as a rebuke to the United States on reform, but was in fact a dull rehash of Mubarak cliches.

4. (C) The Egyptian Government was comprehensively represented. While Finance Minister Boutros Ghali was largely occupied with the contemporaneous BMENA finance ministerial, Trade Minister Rachid, Investment Minister Mohieldin and Transport Minister Mansour were omnipresent, participating in panel discussions, giving press interviews in the lobby, and having bilateral discussions in quiet corners. Even EGIS Director Omar Soliman walked the halls. Gamal Mubarak played a prominent role, appearing on panels and working the halls, and setting society tongues a-wagging by bringing out his fiancée for their first public appearance as a couple. His energy flagged, however, and by his meeting at the end of the conference with CODEL Kolbe (septel) his pitch on Egyptian reform had turned sour and defensive.

5. (C) Attendance from the region was good, but not great. We were told by an Egyptian organizer a few days before the conference that Mubarak's aides were pressing him to work the phones to generate more high-level Gulf participation. Also, despite the handbooks the GOE sprinkled about the conference hall and the banners it posted along Sharm's roadways, WEF participants didn't appear entirely convinced that Egypt was indeed "Open For Business - Open For Competition - Open For Change." Some participants were impressed by the size of the U.S. delegation, which included Secretary Snow, Deputy Secretary Zoellick, Senators Hatch and Smith, and a

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seven-member CODEL from the House. Others wondered whether the absence of Secretary Rice or a White House representative reflected WEF fatigue, Egypt fatigue, or a combination of both.

6. (C) While the conference came off smoothly, there were tensions beneath the surface. Exasperated WEF counterparts barked "never again!" when asked if the WEF would return to

Egypt in the near future. Turf battles between the Ministry of Trade and Industry (the lead GOE agency for the event) and the Ministries of Tourism and Foreign Affairs created conflicting requests and demands on the WEF staff. This situation compared unfavorably with previous Dead Sea WEFs, where hyperactive GOJ Planning Minister Bassam Awadallah solved problems from hotel rooms to badges quickly and amicably. There was no equivalent in Sharm, where GOE ministers appeared more concerned by ministerial prerogatives than efficiency.

17. (C) At the staff level, the irresistible force of GOE imperiousness met the immovable object of WEF exclusivity; WEF insistence on limiting participation led to GOE threats to stop WEF officials at immigration. The situation came to a head on the penultimate afternoon of the conference when the Presidency insisted that Turkish Prime Minister Erdogan skip his keynote address, one of the centerpieces of the conference, in order to meet President Mubarak. Peace was only restored that evening during a "summit" of senior WEF and GOE officials. While all's well that ends well, our WEF interlocutors seem happy to be returning to the Dead Sea for next year's conference.

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